

## Message Text

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FM SECSTATE WASHDC  
TO AMEMBASSY ROME  
INFO AMCONSUL MILAN

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E.O. 11652: N/A

TAGS: BEXP, IT

SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR ITALY, FY 1979  
GUIDANCE

REF: A) ROME 5140, 3/29/77; B) STATE 44899; C) STATE  
245919, 11/13/77; D) STATE 0118, 1/3/78; E) ROME 20835,  
12/20/77; F) ROME A-333, 11/19/77

1. THE FOLLOWING ADDRESSES THE PRELIMINARY FY-79 CCP, SUB-  
MITTED THROUGH REFTEL (A) IN RESPONSE TO REF B, AND IT  
DISCUSSES CERTAIN POINTS WHICH THE CMM THINKS SHOULD BE  
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CONSIDERED DURING THE FORMULATION OF THE MISSION'S DRAFT  
CONTRIBUTIONS FOR FY-79. IT IS HOPED THAT IT WILL SERVE AS  
A GUIDE FOR A COORDINATED USG COMMERCIAL EFFORT AND AN  
EFFECTIVE COVERAGE OF MAJOR OPPORTUNITY AREAS.

2. THE FY-79 CCP WILL BE AFFECTED BY THE DIRECTION AND  
MOMENTUM THE ECONOMY OF ITALY WILL TAKE. THE EF-

FECTS OF THE STABILIZATION PROGRAM WILL PROBABLY PRPER-  
SIST IN 1978 AND WE CAN EXPECT A SLOWING OF GNP GROWTH, CON-  
TINUING OF MEASURES TO KEEP INFLATION DOWN TO AN ACCEPTABLE

LEVEL AND RESTRAINED PUBLIC EXPENDITURES. THIS MAY SUGGEST  
THAT U.S. SALES IN ITALY WILL BE ADVERSELY INFLUENCED. AS  
IN THE PAST, HOWEVER, AND DESPITE REPEATED ECONOMIC AND  
POLITICAL "CRISES", ITALY WILL NO DOUBT CONTINUE TO BUY  
NEEDED PRODUCTS. FOR THIS REASON WE EXPECT CONTINUATION  
OF A FAVORABLE MARKET CLIMATE FOR ADVANCED U.S. PRO-  
DUCTS WHICH LEND THEMSELVES TO INCREASED PRODUCTIVITY AND  
REDUCED LABOR COSTS. FURTHERMORE, IF THE MOUNTING PRESSURES  
TO STIMULATE THE ECONOMY TAKE HOLD, SALES OPPORTUNITIES  
WILL BE FURTHER ENHANCED DURING 1979.

3. THE PRINCIPAL GOAL OF OUR COMMERCIAL PROGRAM IN ITALY  
IS TO INCREASE OR AT LEAST TO MAINTAIN THE U.S.  
MARKET SHARE. IN VIEW OF THE COMPETITION, EITHER STATUS  
CAN BE ACHIEVED ONLY THROUGH THE ACTUAL INCREASE OF U.S.  
EXPORTS. WE BELIEVE, THAT WE CAN EFFECTIVELY ASSIST U.S.  
INDUSTRY TO ACCOMPLISH THIS BY CHANNELING MOST OF OUR  
EFFORTS INTO PROMOTING LINES IDENTIFIED AS HAVING THE BEST  
PROSPECTS.

4. RECOMMENDATIONS FOR CAMPAIGNS PROVIDED IN REF (A)  
CORRESPOND WELL WITH BEST PROSPECTS LIST AND ALL NINE  
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CAMPAIGNS SUGGESTED HAVE MERIT. AS MISSION IS AWARE BY  
FY-79, THE MILAN TRADE CENTER WILL HAVE BEEN CONVERTED  
INTO AN INTERNATIONAL MARKETING CENTER LIMITING THE IN-  
COUNTRY PROMOTIONAL EVENTS (I.E. EXHIBITIONS) TO FOUR (REF  
C). ALTHOUGH CAMPAIGNS DO NOT NECESSARILY HAVE TO TIE-IN  
WITH PROMOTIONAL EVENTS WE BELIEVE THAT ALL FOUR, INSTEAD  
OF PROPOSED TWO, WARRANT A CAMPAIGN APPROACH.

5. WE CONCUR WITH POST'S RECOMMENDATIONS OF CAMPAIGNS  
1,2 AND 3. CAMPAIGNS 1 AND 3 WILL ALSO INCLUDE FULL MTC  
EXHIBITIONS, WHILE PROMOTIONAL EVENT SUPPORT FOR THEME  
OF CAMPAIGN 2 WILL BE LIMITED TO AN MTC MOUNTED BSP IN  
JANUARY 1979.

6. CAMPAIGN 4 IS CONSIDERED ESSENTIAL INGREDIENT OF FY-79  
CCP AND WE BELIEVE THAT CERTAIN MAJOR PROJECTS SHOULD BE  
MONITORED AND TRADE OPPORTUNITIES BE DEVELOPED SYSTEMATI-  
CALLY. WE REFER SPECIFICALLY TO THE ELECTRONIC COMMUNICA-  
TIONS SWITCHING SYSTEM, ENERGY SYSTEMS (NUCLEAR, GEOTHERMAL,  
SOLAR AS WELL AS THE APPROPRIATE SUPPORTING PRODUCT  
CATEGORIES) AND A SPECIFIC PROGRAM OF FOLLOWING UP AND  
ALERTING US INDUSTRY ON OPPORTUNITIES FOR COLLABORATION

WITH ITALIAN FIRMS ON MAJOR PROJECTS IN THIRD COUNTRIES.

7. WE NOTE POSTS' COMMENT PARA 3 REF (E) THAT THEME OF ENERGY SYSTEMS WAS NOT GOOD CHOICE AS A CAMPAIGN IN FY 77 CCP, GIVEN THE LONG RANGE PLANNING IN THE FIELD, AND THAT IT WOULD BE MORE LOGICAL TO TREAT THIS AREA UNDER MAJOR PROJECTS. IN VIEW OF THIS, SUGGEST POST CONSIDER TREATING THEME UNDER MAJOR PROJECTS OR UNDER "OTHER SPECIAL POST EFFORTS". TO MAINTAIN SAME NUMBER OF PROPOSED CAMPAIGNS MISSION MAY WANT TO CONVERT PRINTING AND GRAPHIC ARTS FROM ALTERNATE TO ACTUAL CAMPAIGN WITH FOCUS ON THE PROMOTION OF PRODUCTS OF U.S. PARTICIPANTS AT MAY 1979 GEC INTERNATIONAL EXHIBITION.  
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8. RE CAMPAIGN 6 SUGGEST THAT POLLUTION CONTROL BE SUBSTITUTED FOR PROPOSED METAL WORKING AND FINISHING. THIS SUGGESTION IS BASED ON A) POLLUTION CONTROL IS LISTED

MW AND F IS NOT; B) OPPORTUNITY PRESENTED BY THE ANTINQUINAMENTO INTERNATIONAL EXHIBITION TO PROMOTE POLLUTION CONTROL EQUIPMENT THROUGH SCHEDULED MTC PARTICIPATION AT THIS FAIR AND C) MW AND F THEME PROMOTED THROUGH MTC IN FY 78 SUGGESTING THAT SAME THEME MAY NOT WARRANT USING FULL

CAMPAIGN RESOURCES FOR TWO CONSECUTIVE YEARS.

9. ALTHOUGH CAMPAIGN 9 (CONSUMER GOODS) HAS MERIT WE BELIEVE THAT POST MAY HAVE DIFFICULTY IN DEVISING ACTIONS TO EFFECTIVELY PROMOTE THE PLETHORA OF PRODUCTS IDENTIFIED IN THIS THEME. ALTHOUGH MTC HAS A SCHEDULED BSP ON HI-FI EQUIPMENT WE SUGGEST THAT POST CONSIDER PROMOTING MOS PROMISING PRODUCTS IN THIS THEME UNDER "OTHER SPECIAL POST EFFORTS". VANCE

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